

**The commission
regulates about 1
percent of Idaho's
water utilities**

Idaho Water Utilities

The Idaho Public Utilities Commission regulates 25 privately operated water companies varying from United Water Idaho with more than 70,000 customers to utilities serving a few homes in residential subdivisions or mobile home parks. Regulated companies comprise less than 1 percent of about 2,600 systems that supply drinking water to Idahoans. Most of the unregulated systems belong to and are run without profit by homeowners associations. Many others are municipal systems operated by local governments.

The rates listed are strictly representative of residential customers and may not reflect actual rates paid by a specific customer.

Name of Utility	No. of Customers	Hook-up Fee	Mo. Residential Rates ¹ (unless otherwise noted)	Date Rates Last Revised
Bar Circle "S" Water Inc.	145	750	\$15/0-7,500 gals. \$0.95/1,000 gals. over 7,500 gals.	02/01/90
Bitterroot Water Co.	101	\$750	\$20/0-15,000 gals. \$0.75/1,000 gals. over 15,000 gals.	08/12/99
Brian Water Co.	47		\$10.50/0-4,000 gals. \$1.08/1,000 gals. over 4,000 gals.	05/01/99
Capitol Water Corp.	2,776		\$15.82/mo Oct-April \$27.22/mo May-Sept	06/01/02
Country Club Hills Utilities	125	\$300	\$14.00/0-30,000 gals. \$0.35/1,000 gals. over 30,000 gals.	02/23/90
Eagle Water Co., Inc.	2,600	\$845	\$7.84/0-600 cf. \$0.451/100 cf. over 600 cf.	03/25/87
Humpty's Water Co.	16	\$60+ actual cost	\$3.25/0-6,000 gals. \$0.10/1,000 gals. over 6,000 gals.	05/01/63
Evergreen Water Co.	34	\$600	\$15/0-7,500 gals. \$0.35/1,000 gals. over 7,500 gals.	11/10/87
Falls Water Co., Inc.	2,172	\$500	\$10/0-20,000 gals. \$0.32984/1,000 gals. over 20,000 gals.	12/01/01
Algoma Water	27		\$17.59/mo.	09/01/96
Grouse Point Water Co.	23		\$25.00/mo.	09/01/99
Diamond Bar Estates	45	\$21.00 first 7,500 gallons 45 cents per 1,000 gallons over 7,500 gal		6/1/03

Name of Utility	No. of Customers	Hook-up Fee	Mo. Residential Rates¹ (unless otherwise noted)	Rates Last Revised
Happy Valley Water System	26	\$500	\$27.00/0-20,000 gals. \$0.70/1,000 over 20,000 gals.	12/15/99
Island Park Water Co.	259		\$125/yr.	07/01/92
Morning View Water Co., Inc.	57		1/4 acre - \$22/mo. 1/2 acre - \$28.45/mo 1 acre - \$35.70/mo	09/1/02
Murray Water Works	33	\$125 + labor	\$26/mo.	11/01/94
Packsaddle Estates Water Co.	35	\$430	\$34.24/mo.	06/03/96
Picabo Livestock Co.	29	\$500	Summer: \$26/mo. Winter: \$14/mo.	04/27/94
Ponderosa Terrace Estates mo		\$2,500	full time - \$48/mo part time - \$48/ service to lot - \$25/mo	8/1/02
Rickel Water Co.	20	\$6,000	\$30/0-15,000 gals. \$1.10/1,000 gals. over 15,000 gals.	04/25/97
Spirit Lake East Water Co.	250	\$650	\$12/0-9,000 gals. \$1/1,000 gals. over 9,000 gals.	12/01/83
Stoneridge Water Co.	34	\$925	\$14 + \$0.30/1000 gals. For all consumption	4/05/02
Sunbeam Water Co.	22		\$12/0-12,000 gals. \$1.20/1,000 gals. over 12,000 gals.	05/31/83
Troy Hoffman Water Co.	144	\$458	\$5.50/0-3,000 gals. \$0.60/1,000 gals. over 3,000 gals.	08/01/96
United Water Idaho	70,562		Summer: \$14.57/bimonthly \$1.6418/1,000 gals. Winter: \$14.57/bimonthly \$1.3134/1,000 gals.	09/05/98
East Moreland	16		\$3.25/0-600 gallons \$0.10/per 1,000 gallons over 6,000 gallons	1/22/02
Ponderosa Terrace	10 full-time 23 part-time		\$48 per month \$ 25 per month	8/1/02

Water Utility Case Reviews

July 2, 2003

PONDEROSA TERRACE ESTATES

Case No. PTE-03-1, Order No. 29276

BOISE – The Idaho Public Utilities Commission has accepted a proposed settlement negotiated by commission staff and Robaer Cobott, owner of the Ponderosa Terrace Estates Water System south of Sandpoint.

Commission staff agreed to the owner's request that part-time residents pay a minimum monthly rate even during those months when the property owners are not connected to the system. Under the settlement, year-round residents will pay \$48 a month and part-time residents will pay \$25 per month. Many of the property owners in the 90-lot water system do not reside year-round in Ponderosa Terrace Estates. Only about 20 residences are full-time customers.

Mr. Cobott maintained that earlier rates set by the commission were not producing enough revenue for the company to remain solvent and refused to comply with a number of commission orders. As part of the settlement, Mr. Cobott agreed to abide by the commission's customer relations and water utility rules. The commission did not find it in the public interest to seek sanctions against the company. "Staff and the company have endeavored to create a workable solution to alleviate the dire circumstances confronting Ponderosa and its customers," the commission said.

Year-round payments for part-time residents, while not a traditional rate structure, are justified, the commission said because "customers benefit from the system's existence, even if absent customers do not take advantage of this service." The water system infrastructure is in place to benefit all properties and adds to the current and re-sale value of the properties, the commission said.

"Given that the usage of Ponderosa's customers is similar to the speculative and seasonal usage associated with 'resort systems,' we believe that year-round payment is the only way to provide the company with the steady cash flow it needs to keep the system operating smoothly under the present circumstances," the commission said.

"It is not an exaggeration to say that Ponderosa faces more obstacles than do most of the private water utilities we regulate," the commission said.

The commission agreed with Mr. Cobott that raising rates further could cause more customers to drill their own wells and disconnect with the system.

The commission also authorized the company to charge a \$2,500 hook-up fee for new customers as well as delinquent customers who have been disconnected and wish to re-connect to the system. If delinquent customers want to avoid the re-connection fee, they have the option to pay the sum of their late bills in lieu of the fee.

June 3, 2003

DIAMOND BAR ESTATES

Case No. GNR-W-02-3, Order No. 29247

Basic monthly rates for customers of Diamond Bar Estates Water near Rathdrum are increasing by \$6 a month, under an order issued by the Idaho Public Utilities Commission.

The commission's order also issues a certificate to operate to Diamond Bar Estates LLC, owned by Robert Turnipseed. The Diamond Bar Homeowners Association elected to turn the water system, now serving 41 households, over to Diamond Bar Estates last year.

The commission order establishes an annual revenue requirement of \$15,534 for the company. The company requested \$23,123. The commission adopted an annual rate of return of 12 percent for the company. The company requested 14 percent.

The new rate, effective June 1, for both residential and irrigation customers is \$21 per month plus 45 cents per 1,000 gallons for all water use exceeding 7,500 gallons per month. The former rate for residential customers was \$15 for the first 7,500 gallons plus 95 cents per 1,000 gallons thereafter. Customers with irrigation service paid a flat fee of \$225 per year.

The commission rejected the company and some customers' request that irrigation customers continue to play a flat fee. "A flat fee is unfair to low-usage customers and does not promote conservation," the commission said.

The commission also rejected a request by the owner to pass on to customers the costs – about \$11,800 – of acquiring and installing a back-up generator near the company's second well. The commission agreed that a back-up generator could provide added reliability, but said the company's proposal to locate the generator on the owner's private property without easement rights of access is unacceptable.

The company also proposed a \$1,000 hook-up fee for installation of water meters, a \$500 connection fee and a \$500 fee for installation of irrigation meters. The commission rejected the residential hook-up and connection fees because they have already been recovered from lot owners when they purchased their lots. The commission did recommend the company adopt a line extension fee for extension of service beyond subdivision boundaries.

July 22, 2003

MURRAY WATER WORKS

Case No. MUR-W-03-1, Order No. 29294

The Idaho Public Utilities Commission has approved a request by Murray Water Works to increase its connection fee to \$800. The company also requested that only its representatives be allowed to install and maintain service connections.

The water company, 16 miles northeast of Wallace, was sold last year to Mr. and Mrs. Arlen Lish. Under the former tariff, the company's approximate 30 households on the system were charged a connection fee of \$125, plus \$25 per hour if they wished to have the company install the service connections.

The \$800 hook-up fee is cost-based, the commission said, and will recover the company's reasonable expenses to extend services to new customers. The company does not anticipate new connections in the near future.

"Given that other water utilities charge comparable hookup fees, the commission further finds the company's proposed increase to be fair, just and equitable," the commission said.

September 5, 2003

BITTERROOT WATER COMPANY

Case No. BIT-W-03-1, Order No. 29330

The Idaho Public Utilities Commission has approved a sale of the Bitterroot Water Company in Kootenai County to Kenneth and Cathy Rickel of Hayden Lake for \$50,000. The Rickels own the Rickel Water Company, which borders the Bitterroot Water Company. The two companies will operate as separate entities.

Bitterroot, whose former owner is Bruce Burnett of Anchorage, Alaska, has about 100 customers, but growth is anticipated as housing north of the company's present customer base develops.

The Rickels intend to leave fees the same in the near future, but maintain that an increase may be needed to repair a number of hook-ups that may be losing water due to faulty back-flow prevention valves. This repair, the Rickels say, will potentially stop the water shortages that have been occurring in the Bitterroot system. If expansion to the north develops as anticipated, another well and reservoir will need to be installed, the Rickels contend. The two water companies already share a reservoir and have some common infrastructure.

September 5, 2003

STONERIDGE UTILITIES

Case No. SWS-W-03-1, Order No. 29320

Stoneridge Utilities near Blanchard has been given Public Utilities Commission approval to interconnect with the Happy Valley Ranchos water system located west of the Stoneridge subdivision.

Happy Valley's 86 residential customers will more than double Stoneridge's current customer base of about 36 residential customers and 13 commercial customers. The commission also granted Stoneridge's request to acquire a \$213,500 loan from the state Department of Environmental Quality's Drinking Water Revolving Loan Fund to finance the construction project.

Stoneridge requested that the commission approve a \$12.65 per month surcharge for Happy Valley customers to pay the costs of the construction,

but the commission declined to set the amount of the surcharge until the project is completed. That will give the commission time to review the final costs of the project and ensure they were prudently incurred. The 20-year surcharge would be assessed only to current and future Happy Valley customers, not Stoneridge customers, and can be used only for payment or prepayment to the loan from the DEQ fund. Construction is scheduled to be completed next spring.

More than 80 percent of Happy Valley Homeowners Association members voted to interconnect with and become customers of Stoneridge because of the higher quality of water they will get. The Happy Valley water system has been experiencing significant water quality problems due to extremely high iron levels in the water from its wells. This has caused an accumulation of iron deposits in the pipes of the system and made it necessary for Happy Valley to install filters that are costly to maintain.

November 3, 2003

UNITED WATER MUST SEEK COURT DIRECTION

Case No. UWI-W-03-1, Order No. 29359

The Idaho Public Utilities Commission “accepted for filing” a 1 percent increase in the City of Boise’s franchise fee that went into effect Oct. 1 for customers of United Water.

However, the commissioners also ordered United Water to ask a court to determine whether a Boise city ordinance allowing an increase in the franchise fee from 3 to 4 percent and potentially up to 5 percent is legally valid given the Legislature’s 3 percent cap imposed on franchise fees in 1995. Commissioners ruled the fee is subject to refund if United Water does not present the commission with a judicial decision addressing the validity of the ordinance within one year from the Nov. 3 date of this order.

United Water serves about 190,000 customers in the Boise metropolitan area.

The commission does not approve or reject franchise fees imposed by municipalities, but accepts them for filing as part of a utility’s overall tariff. Commission staff questioned whether the increased fee violates a law passed by the 1995 Legislature that caps franchise fees at 3 percent and whether it violates the Idaho Constitution.

The City Council and United Water began negotiating a new franchise agreement in October 1993. The 1978 agreement with a 3 percent franchise fee was to expire on Nov. 1, 1993. While negotiations transpired, the city council twice extended the 1978 agreement to March 1 and then Nov. 1, 1994.

On April 11, 1995, the Boise City Council passed an ordinance that said the 3 percent franchise fee may be increased to 4 percent upon passage of a resolution by the council and then up to 5 percent after another two years. The council made the ordinance retroactive to Nov. 1, 1994.

During that same time – February and March 1995 – the Legislature

was debating its bill to cap franchise fees at 3 percent. The legislation passed with an emergency provision making it effective on the date of the governor's signature, which was March 20, 1995. In short, the city's ordinance passed three weeks after the governor signed the legislation, but the ordinance was made retroactive to Nov. 1, 1994.

On July 22, 2003, the city council passed a resolution to increase franchise fees to 4 percent effective Oct. 1, 2003. The 1995 ordinance passed by the city council makes it possible for United Water to seek a franchise fee of up to 5 percent after Oct 1, 2005.

Commission staff questioned whether the fee can be retroactive because Idaho Code 73-101 provides that no part of code is made retroactive unless there is "clear legislative intent to that effect." Staff also asserted that Idaho Code 50-901 might be pertinent. It requires that ordinances cannot take effect until after they are published in the city's official newspaper.

Finally, staff questioned whether the retroactive effect of the franchise fee violates Article 11, Section 12 of the Idaho Constitution, which prohibits the Legislature from passing any law that imposes a new liability "in respect to transactions or considerations already passed." United Water disclosed that it collected the 3 percent franchise fee between Nov. 1, 1994, and the passage of the city ordinance on April 11, 1995, which imposed the 4 percent fee back to Nov. 1, 1994.

The commissioners agreed with United Water and City of Boise comments that these issues raised by commission staff were better addressed by the court, not the commission.

"Despite these intriguing questions, we decline to initiate an investigation into this matter," the commission said. "Our decision to refrain from investigating the substantive issues raised by the staff does not resolve these questions. We believe these questions should be addressed and answered by a court of law."

The commission said the legislation passed in 1995 makes clear that the Legislature intended franchise fees not to exceed 3 percent as a general rule.

Because several municipalities were contemplating implementation of franchise fees at the time, the Legislature passed the 3 percent cap to create a uniform franchise structure, the commission said. "It is also apparent that the Legislature intended this statute to become effective immediately by attaching an emergency clause," the commission said. Emergency clauses make legislation effective on the date of the governor's signature rather than the traditional July 1 date that new legislation becomes effective.